fully evaluate all the linkages in the OSS required to support order movement through the systems.[262] The KPMG OSS test overemphasized process rather than results, according to AT&T, which also argues that the PwC sameness attestation carries over into the District of Columbia the errors and omissions of the Virginia testing.[263]

AT&T believes that the Commission should be concerned about a functioning OSS, not only when it comes to competition for business customers, but for residential customers as well.[264] AT&T alleges that the Commission has a vital role in this issue, because Verizon DC has every incentive to provide CLECs with poor OSS performance. AT&T is Concerned that CLEC customers will not be aware that problems they are experiencing may be the result of the poor performance of Verizon DC's OSS.[265]

2. WorldCom

WorldCom believes that Verizon DC should be required to demonstrate that competitors have nondiscriminatory access to a fully operational OSS, which is critical for CLECs to compete in the local market. WorldCom states that there has been no KPMG third-party test of Verizon DC's OSS, and that the Commission should not rely on the results of KPMG's Virginia testing. That testing, according to WorldCom, suffers from inherent limitations, and does not reflect true commercial experience. The pseudo-CLEC environment created by KPMG began from clean databases and fictitious orders, which according to WorldCom, fails to reflect real-world operation conditions. WorldCom is also critical of the failure to test electronic billing in Virginia, whose testing Verizon DC offers in support of its Section 271 application for the District of Columbia.

Specific problems detailed by WorldCom include the failure of testing to use actual existing account data, the failure to look at how systems actually process orders, and the failure to test orders at every step of the process.[266] WorldCom cites the fact that KPMG was not blind to Verizon in the test. Verizon knew in advance when KPMG would be issuing an observation or an exception and certain key tests would be conducted. WorldCom says that flow-through testing was conducted with created accounts although actual accounts could have been used. WorldCom terms this practice the "scrubbing" of accounts, and claims that it made them unrepresentative of real world operation. To support this proposition, WorldCom invites attention to the KPMG's Virginia flow-through test result of 100 percent, which is much higher than the actual 70 to 75 percent being registered in the marketplace in recent months.[267]

262 AT&T **OSS Declaration at** ¶52.

263 AT&T **OSS Declaration at** ¶8.

264 AT&T **OSS Declaration at** ¶9.

265 AT&T **OSS Declaration at** ¶17.

266 **WorldCom Declaration at** ¶¶5-9

267 **WorldCom Declaration at** ¶7.

WorldCom contends that KPMG focused more on inputs and outputs than on the systems that actually process the orders.[268] KPMG did not perform any root-cause analysis when a problem was found during testing. Without a root cause analysis, it is difficult, according to WorldCom, to be certain that the initial problem was corrected. WorldCom believes that KPMG testing was not completely end-to-end, because no orders were tested from the pre-order through the billing phases.[269]

Further, WorldCom reiterated that KPMG did not test electronic billing. Instead, KPMG tested the paper bill of its pseudo-CLEC, in order to determine the accuracy of its orders. Additionally, Verizon hired PwC to perform a verification of the electronic billing process, but PwC never actually tested the electronic billing system. Rather, says WorldCom, PwC reviewed the claims that Verizon DC made about its billing system. PwC compared Verizon DC's paper bill to its electronic bill and attempted to recalculate the bill; however, it did not recalculate all bill elements. WorldCom also points out that Verizon DC relies on the Virginia KPMG test for its Section 271 application, but the VA SCC never endorsed the results of this testing.[270]

3. Verizon DC Reply

Verizon DC states that the District of Columbia OSS is commercially available today, and that there is no necessity for a "commercial availability period prior to Section 271 approval."[271] Additionally, no such requirement existed in Virginia, New Jersey, Massachusetts, Rhode Island, Vermont, New Hampshire, Connecticut, or Delaware. Over 55 CLECs are using the District of Columbia OSS today for commercial operation, according to Verizon DC. In August 2002 alone, 70,000 pre-order transactions, more than 15,000 ordering transactions, 420 maintenance transactions, and 230 ExpressTRAK, and 125 CABS bills were executed in the District of Columbia.[272]

For District of Columbia CLECs, Verizon DC's maintenance and repair OSS supports over 420 maintenance transactions per month.[273] Verizon DC's billing systems generate more than 230 ExpressTRAK and approximately 125 CABS CLEC bills per month and approximately three million call usage records per month. Verizon DC contends that these numbers reflect sufficient "real life" commercial activity.

268 WorldCom Declaration at ¶8.

269 WorldCom Declaration at 79.

270 WorldCom Declaration at 712.

271 Verizon DC OSS Reply Declaration at ¶1 1.

272 Verizon DC OSS Reply Declaration at ¶12.

213 Verizon DC OSS Reply Declaration at ¶13.

Verizon DC responds to CLEC claims that the Virginia KPMG OSS test was inadequate in scope and scale. It first notes that the testing took place under the direction of the VA SCC.[274] The Virginia KPMG test was modeled after the New York, Pennsylvania, and New Jersey tests; Verizon has received Section 271 approval after such testing in these states. Verizon DC states that CLECs participated in the Virginia test, and the VA SCC held full hearings to examine the test procedures and results. KPMG experts were questioned, but CLECs did not raise any serious questions, according to Verizon DC.[275] Verizon DC points out that the Virginia hearing examiner noted that many of the testing issues raised by AT&T and other carriers involved the same criticisms raised before and rejected by the FCC. Verizon DC observes that the KPMG test evaluated 542 test points; two were deemed inconclusive and only one was rated "not satisfied."[276] The remaining 539 test points, or 99.4 percent, were all satisfied.

Verizon DC concedes that KPMG did not specifically test electronic billing; however, KPMG conducted a comprehensive evaluation of Verizon VA's ability to provide nondiscriminatory billing to CLECs.[277] KPMG used the "bill of record" which was the paper bill. All 75 test points were deemed satisfied by KPMG. Verizon DC emphasizes that the Virginia billing procedures and systems are the same as they are in the District of Columbia.[278] Additionally, PwC conducted two sequential examinations, covering two sets of assertions regarding the BOS BDT bills in the District of Columbia.[279] PwC matched the paper bill to the electronic bill to recalculate specific elements and found that the two billing mediums are comparable. Therefore, Verizon DC claims, the KF'MG billing test in Virginia is directly relevant to the CLEC bills in the District of Columbia.

Concerning the claims that the volume test had significant shortcomings, Verizon DC asserts that the same volume tests were performed in New York, Massachusetts, New Jersey, and Pennsylvania.[280] KPMG measured the results using 37 different test criteria, and Verizon satisfied all of them. Verizon DC says that the claim that KPMG did not test collocation is incorrect; KPMG tested Verizon's collocation policies, procedures and documentation to determine compliance with 11 tests, and all were satisfied."'

Verizon DC states that KF'MG tested the order process for high-capacity circuits and end-to-end trouble report testing for special circuits. Specifically, 150 DS-1/DS-3 loop installations, which involved 1,172 tasks, resulted in 95.9 percent proficiency. End-to-end trouble report

214 **Verizon DC** OSS **Reply Declaration at** ¶14.

215 **Verizon DC** OSS **Reply Declaration at** ¶15.

276 **Verizon DC** OSS **Reply Declaration at** ¶16.

211 **Verizon DC** OSS **Reply Declaration at** ¶17.

278 **Verizon DC** OSS **Reply Declaration at** ¶18.

279 **Verizon DC** OSS **Reply Declaration at** ¶19.

280 **Verizon DC** OSS **Reply Declaration at** ¶27.

281 **Verizon DC** OSS **Reply Declaration at** ¶29.

processing was also evaluated by KPMG.[282] As a third party tester, KPMG was not in a position to provide "root cause analysis" of problems that arose, according to Verizon DC. Nevertheless, accordin to Verizon DC, KPMG did identify problems in its observation and exception process?" Concerning the claim that end-to-end testing could not be fully blind, Verizon DC states that other tests in adjoining jurisdictions were conducted in the same fashion.[284] The demand for a root cause analysis in lieu of strict inputs and outputs testing, therefore, misses what Verizon DC considers the point of the testing procedures of KPMG. Verizon DC states that six state commissions and the FCC have relied on KPMG's tests and the PwC sameness attestation. Verizon DC believes that the Commission can rely on these as well.[285]

4. Analysis and Conclusions

AT&T claims that testing by KPMG in other states bas failed to address issues significant to consideration of Verizon DC's Section 271 application. WorldCom criticizes a more limited number of OSS testing aspects. In particular, these criticisms apply to the Virginia testing on which Verizon DC places substantial reliance in this jurisdiction. The principal issue is whether claimed weaknesses in the Virginia test should be considered here. More specifically, AT&T's concerns about the sufficiency of OSS testing include:

- KPMG failed to test: (a) electronic billing and the billing of reciprocal compensation; (b) accuracy and reliability of metrics, specifically compliance with OSS business rules, verification of metrics change control, and validation of the correctness (or stability) of retail analogs for the parity of metrics; (c) billing claims, escalation, and the posting of credits; (d) provisioning of orders in high volumes; (e) actual directory listings in publications; (f) actual collocation; (g) E911 database updates and; (h) high capacity loops and interoffice facilities processes and end-to-end trouble report processing for special circuits, including EELs.[286]

- KPMG testing did not provide real commercial experience, and more CLEC experience should have been included.[287]

- KPMG testing did not include end-to-end (*i.e.*, pre-ordering through provisioning) testing of orders and transactions

- KPMG testing was not sufficiently blind and it relied more upon processes than results[288]

282 Veriron DC OSS Reply Declaration at ¶31.

283 Veriron DC OSS Reply Declaration at 733.

284 Verizon DC OSS Reply Declaration at ¶32.

285 Verizon DC OSS Reply Declaration at ¶36.

286 AT&T OSS Declaration at 77; Verizon DC OSS Reply Declaration at¶¶11-12.

287 AT&T OSS Declaration at ¶¶20, SO; Verizon DC OSS Reply Declaration ¶36

288 AT&T OSS Declaration at ¶¶51-52; Veriron DC OSS Reply Declaration at ¶¶32, 36.

- KPMG did not perform a "root cause analysis" of problems it found in the Verizon OSS[289]

- KPMG could not test all order types, troubles and processes.[290]

Verizon DC contests the accuracy of these claims. Verizon DC also notes that the FCC has already concluded that the KPMG test conducted for the VA SCC was broad and objective, and that it provided meaningful evidence in support of Section 271 approval.'" Given the extensive history of Verizon OSS testing in general, the specific testing done in Virginia, the evidence demonstrating that the systems and processes tested in Virginia are the same as those used in the District of Columbia, and the FCC's consistent acceptance of that testing, the Commission concludes that additional, District of Columbia-specific testing would not have a sufficient probability of producing further knowledge or insight that the FCC would find probative.

WorldCom cites KPMG testimony in Maryland that there could be variations or unique items that a previous state's test did not address in support of its position that this Commission should not rely on KPMG's Virginia testing as fully applicable in the District of Columbia.[292] WorldCom notes what is possible and what could happen. However, the record in this proceeding presents no basis for determining that there is a significant possibility that such variances will cause material performance differences in the District of Columbia. The evidence presented by Verizon DC, moreover, supports such a conclusion. Against it, neither WorldCom nor any other party has presented evidence that would give weight to the hypothetical concerns about possible, unknown differences in the District of Columbia OSS.

The statement by KPMG that there could be a 20 to 30 percent variation between tests in Maryland and Virginia does not automatically mean that such a variation will occur. It can only be taken as a proposition that there is some unquantified probability that the maximum difference could reach this level, which implies that, at the 50 percent confidence level, the expected difference level would be much less than the 20 to 30 percent maximum variation.[293] Absent specific reasons for differences in test results in the District of Columbia, those who would diminish the usefulness of KPMG's Virginia testing here have not created substantial grounds for doubt. This Commission does not conclude that there are no differences in the District of

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289 **WorldCom Declaration at ¶8; Verizon DC** OSS **Reply Declaration at** 733.

290 AT&T **OSS Declaration at 747; Verizon DC OSS Reply Declaration at ¶¶**32 ,36.

291 ***In the** Matter **of Application by Verizon Virginia,** Inc., **Verizon Long Distance Virginia,** Inc., **Verizon Enterprise Solutions Virginia,** Inc., **Verizon Global Networks,** Inc., and **Verizon Select Services of Virginia, Inc. for Authorization** to **Provide In-Region,** InterLATA **Services in Virginia,*** Memorandum **Opinion** and **Order, FCC** 02-297, ¶ 26-27, rel. **October** 30,2002.

292 **WorldCom Brief, p. 13**

293 **For example, there may be a one percent chance that the maximum variation is 20** to 30 **percent and a 90 percent chance that the variation is less than** 10 **percent.**

Columbia, but it does conclude that the FCC's past use of test results in the Verizon region makes it reasonably clear that it will not be convinced by the argument that there may be differences.

D. Completion Notices

1. WorldCom

WorldCom states that Verizon DC has failed to provide timely provisioning completion notices ("PCNs"), which has affected WorldCom's ability to serve customers. WorldCom says that Verizon DC has not responded to a request for a root cause analysis to explain why the PCN problem has been occurring.[294] WorldCom also says that Billing Completion Notices ("BCNs") have caused problems in several states.[295]

2. Verizon DC Reply

Verizon DC says the record shows that it delivers the vast majority of completion notifiers on time and that, for late ones, it resolves exceptions in a timely manner. Verizon DC states that, in the District of Columbia, measured performance under both PCN and BCN metrics exceeded the 95 percent standard for July and August of 2002. [296] Verizon DC also has established a Purchase Order Number ("PON") Exception process to provide CLECs with the status of PONs in question and resend notifiers when missing.[297] Such notifiers are resent in response to a CLEC trouble ticket indicating that notifiers are missing on the CLEC side of the interface. Verizon notes that WorldCom reported less than two percent of its notifiers as late or missing between January and October 2002 and that only 75 WorldCom exceptions addressing missing or late notifiers existed at the end of October 2002.[298]

3. Analysis and Conclusions

WorldCom takes issue with the claim by Verizon DC that the missing notifier problem has been resolved. WorldCom notes that late or missing WorldCom notifiers for the first 10 months of 2002 remain at 1.9 percent in six Verizon states and that over 500 of them came from operations in the District of Columbia.[299] WorldCom's information does not segregate these late or missing notifiers by vintage. Moreover, WorldCom does not explain the significance of a 1.9 percent problem rate in the context of Verizon's citation of a standard of not greater than 5 percent. The evidence demonstrates that Verizon DC performed above the applicable metrics

294 WorldCom Declaration at ¶¶14-17

295 WorldCom Declaration at ¶¶14-18.

296 Verizon DC OSS Reply Declaration at ¶ 101.

297 Verizon DC OSS Reply Declaration at ¶ 103.

298 Verizon DC OSS Reply Declaration at ¶105.

299 WorldCom Brief, p. 16.

standards in the period following the changes it made to resolve the problem specific to WorldCom.

Given the satisfaction of the standards established by the C2C Guidelines and the specific efforts that Verizon has undertaken to address the problem that existed, this Commission finds no reason to question checklist compliance with respect to this aspect of Verizon DC's performance.

XIX. Performance Measurements

A. Verizon DC Measurements Declaration

This declaration describes the District of Columbia Camer-to-Carrier Guidelines Performance Standards and Reports adopted on November 9, 2001, and later modified in orders released March 18, 2002, June 18, 2002, and September 5, 2002.[300] Verizon DC provides performance results for the months of February through April 2002 in an attachment to the declaration. Verizon DC indicates that it will report September 2002 results under the revised C2C Guidelines adopted by the Commission on June 18, 2002. The Commission adopted a compromise performance assurance plan in Formal Case No. 990 in Order No. 12451, released September 9,2002.

Performance measurements constitute "the business rules, formulae and processes that Verizon DC uses each month to measure the quality of its performance for each CLEC and Reseller in the District of Columbia, and for all CLECs and Resellers in aggregate." [301] Verizon DC has established two types of performance standards for these measures: panty and benchmark. If there is an analogous Verizon DC service, then the standard is parity with Verizon's retail operations; otherwise, the C2C Guidelines provide a benchmark standard. There are seven categories for the performance measures, which include a total of 37 metrics and 176 sub-metrics.

Verizon DC provides an overview of the specific performance metrics for each of the following categories: pre-ordering, ordering, provisioning, maintenance and repair, network performance, billing performance, and operator services and databases."' Verizon DC reports that its measured performance results, which KPMG and PwC have independently reviewed demonstrate successful implementation of performance measurements, standards and reporting.[303]

300 Verizon DC Measurements Declaration at ¶5.

301 Verizon DC Measurements Declaration at ¶10.

302 Venzon DC Measurements Declaration ¶¶12-106

301 Verizon DC Measurements Declaration at ¶107.

B. Adequacy of KPMG Metrics Testing

1. AT&T

In order to determine whether Verizon DC is meeting parity standards, AT&T states that it is critical to identify and measure against appropriate retail analogs; however, the identification of these retail standards was beyond the scope of the KPMG test. AT&T further maintains that the payments that Verizon makes to other jurisdictions under the performance assurance plans provide evidence that Verizon DC is not meeting its obligations under Section 271.[304]

2. Verizon DC Reply

Verizon DC states that its performance measurement production and reporting processes have been subject to extensive third-party review. KPMG tested the results in Virginia, New York, Massachusetts, Pennsylvania, and New Jersey. The FCC relied on these tests in determining that Verizon met its checklist requirements in those jurisdictions. Additionally, the FCC relied on these tests in adjoining states such as Rhode Island, Maine, Vermont, Connecticut, Delaware, and New Hampshire where Verizon gained Section 271 entry. Furthermore, the U.S. Department of Justice recognized that the KPMG testing relied upon here was comprehensive, according to Verizon DC.[305]

C. Business Metrics Rules

1. AT&T

AT&T claims that KPMG did not require Verizon to create a separate document restating the business rules for metrics implementation. KPMG instead relied on undocumented, non-public information in order to synchronize its replication effort with Verizon results. As a consequence, argues AT&T, KPMG's favorable findings for parity standards are undermined by its failure to evaluate Verizon's performance against clear and complete metrics business rules.[306]

2. Verizon DC Reply

Verizon DC states that a separate statement of these business rules is not required for Section 271 approval. Verizon DC provides business rules in its CLEC Handbook.[307] KPMG, according to Verizon DC, states in its report that it performed tests to evaluate overall policies and practices for managing and changes to metrics, and that all of the test points were satisfied. The FCC has concluded that Verizon's compliance with change control metrics demonstrates

304 AT&T OSS Declaration at ¶8.

305 Veriron DC Measurements Reply Declaration at ¶¶5-6.

306 AT&T OSS Declaration at ¶30.

307 Verizon DC Measurements Reply Declaration at 79.

transparency and openness into inherently complex data collection processes.[308] Verizon DC states that its performance speaks for itself. Further, the FCC has not held that performance reports constitute a litmus test for compliance with the Section 271 checklist; Verizon notes that it continues to pay fines associated with performance assurance plans in states where Section 271 entry has been granted."'

D. Retail Analogs

1. AT&T

AT&T asserts that the KPMG test is flawed, because it did not test the appropriateness of the retail analogs in the C2C Guidelines. It states, "KPMG did not make any analysis of whether the retail analogs chosen by Verizon's unilateral interpretation of the metrics produced a reasonable standard."[310] As a result, AT&T believes that KPMG's favorable evaluation of Verizon's metrics, where the standard is parity with retail, is questionable.

2. Verizon DC Reply

Verizon DC observes that the FCC, in the New Jersey Section 271 proceeding, rejected AT&T's claim that KPMG did not test the appropriateness of retail analogs and found that KF'MG did test whether Verizon selected a retail analog consistent with the New Jersey Board's carrier-to-carrier guidelines. Verizon DC asserts that a retail analog comparison table illustrating the retail comparison group for provisioning and maintenance metrics, which identifies Verizon DC's retail analogs, is included in the updated version of the District of Columbia C2C Guidelines. Verizon DC says that AT&T has failed to challenge these listings in any state where they apply.[311]

E. Accuracy of Retail Scores

1. AT&T

AT&T claims that KPMG failed to test the accuracy of Verizon's reported retail data. This failure calls into question the reliability of KPMG's favorable findings of parity with retail performance, because the Z-score, the measure of statistical significance, relies on the accurate reporting of Verizon's retail data.[312]

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308 Verizon DC Measurements Reply Declaration at ¶11.

309 Verizon DC Measurements Reply Declaration at ¶¶13-14.

310 AT&T OSS Declaration at 731.

311 Verizon DC Measurements Reply Declaration at ¶8.

312 AT&T OSS Declaration at ¶32.

2. Verizon DC Reply

Contrary to AT&T's assertion, the KPMG report "evaluated the processes and systems used to capture Verizon VA retail and wholesale metrics for all domains" according to Verizon DC.[313] Several discrete verification and validation reviews tested systems for collecting raw data, for extracting raw and processed data, and for using this data to replicate performance results. Verizon DC again points out that this is essentially the same testing that supported Verizon's long distance entry in New York, Massachusetts, Pennsylvania, New Jersey, Rhode Island, Connecticut, Maine, Vermont, New Hampshire, Delaware, and Virginia.

F. Replication of Results

1. AT&T

The VA SCC Staff ("VA Staff') had great difficulty in replicating Verizon's metrics results, according to AT&T. Among the problems encountered were incomplete data and subsequent changes to data that were not communicated to VA Staff. The VA Staff received special Change Control Records ("CCRs"), which enabled them to replicate the metrics, but CLECs do not have access to these CCRs. Moreover, if the Commission is going to rely on the metrics to detect performance problems, the procedures for determining which retail standards are analogous to wholesale standards must be appropriate.[314] AT&T believes that it is important to undertake for the District of Columbia the same type of replication effort that the VA Staff performed

2. Verizon DC Reply

Verizon DC argues that AT&T's suggestion that this Commission "follow through" on the VA Staffs replication effort places an unnecessary burden on the Commission because that effort would be time-consuming and complex. Full replication already has taken place in Virginia, and the underlying systems used to prepare performance reports in the District of Columbia are the same. Furthermore, replication by a state public service commission is not required for Section 271 approval.[315]

G. Accuracy of Carrier-to-Carrier Reports

1. AT&T

Asserting that Verizon initiated more than 50 substantive change control notifications in New Jersey, AT&T concludes that this Commission will need to determine whether the same problems affect performance measurements in the District of Columbia.[316]

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313 Verizon DC Measurements Reply Declaration at ¶7.

314 AT&T OSS Declaration at ¶¶33-37.

315 Verizon DC Measurements **Reply** Declaration at ¶ **15.**

316 AT&T OSS Declaration at ¶ **37.**

2. Verizon DC Reply

Verizon DC asserts that AT&T's claim about errors in the New Jersey reports was rejected in the FCC's New Jersey Section 271 Order, where the FCC concluded that, "the metrics change control process, and Verizon's compliance with that process, provides improved transparency and openness into a data collection effort that is inherently complex and iterative."[317] Verizon DC explains that change controls may be issued for many reasons, and may not be indicative of reporting errors. In the District of Columbia for August 2002, Verizon DC says that it issued seven change controls. Verizon DC asserts that a comparison of August and July 2002 performance reports shows no substantial changes to results for 31 of the 32 sub-metrics affected by the change controls. Verizon DC concludes by stating that the one remaining sub-metric change appears to result from the small sample size of measured transactions.[318]

H. Analysis and Conclusions Regarding **AT&T's** Metrics Arguments

AT&T raises several challenges (set forth in the preceding sections C through G) regarding the general accuracy of measurements of Verizon DC's performance under the C2C Guidelines applicable in the District of Columbia:

- *Metrics Business Rules:* KPMG did not review Verizon's compliance with the Metrics Business Rules, and relied on undocumented public information from Verizon to synchronize the metrics replication effort.[319]
- *Retail Analogs:* KPMG did not review any documentation of Verizon's chosen retail analogs, and did not analyze whether Verizon's interpretation of the related metrics produced a reasonable standard.[320]
- *Accuracy of Retail Scores:* KPMG did not verify the accuracy of the retail scores and the number of retail observations reported by Verizon.[321]
- *Replication of Results:* VA Staff had great difficulty in replicating Verizon's metrics results, and CLECs cannot replicate the results at all because they do not receive the requisite Change Control Records to do so.[322]

Although these arguments challenge the sufficiency of KPMG OSS testing, AT&T has not supported them with any specific evidence showing that Verizon DC's measurements demonstrate error with respect to its operations in the District of Columbia. In addition, the PAP provides for routine auditing of the accuracy of Verizon DC's performance reporting in the

317 Verizon DC Measurements Reply Declaration at ¶ 11, citing the New Jersey 271 Order at ¶ 91.

318 Verizon DC Measurements Reply Declaration at ¶ 12.

319 AT&T OSS Declaration at ¶30.

320 AT&T OSS Declaration at 731.

321 AT&T OSS Declaration at ¶32.

322 AT&T OSS Declaration at ¶¶34-36.

District of Columbia. Each of the issues raised by AT&T falls within the scope of post-Section 271 audits. Should there be any material questions about the accuracy of the Verizon DC reports, in any of these areas of concern, the anticipated audits will provide an effective and timely means for addressing them. Particularly in the absence of any evidence that would raise concern about measurement accuracy at this time, the Commission concludes that AT&T's challenges do not offer a material reason for recommending that Verizon DC be denied Section 271 approval.

I. Change Management

1. WorldCom

WorldCom argues that Verizon DC has deviated from established change management processes.[323] As an example, Worldcom contends that Verizon DC proposed a change that would have permitted Verizon DC to embargo new orders from CLECs experiencing problems in making current payments for existing services and facilities. While that change did not jeopardize the use of existing services and facilities, it did have the effect of preventing a CLEC from expanding its use of those services and facilities.

2. Verizon DC Reply

Verizou DC states that it has issued 531 change management notices. The one instance of claimed violation of change management processes concerned the Verizon DC classification of a particular change as one not requiring comment from other parties before initiation. Verizon DC states that the classification issue is not "competitively significant," because the change would not affect the vast majority of CLECs.[324] Additionally, Verizon DC reclassified the one change cited back to a "Type 4" change, which had the effect of allowing CLEC comments on the change.

3. Analysis and Conclusions

While commending Verizou DC's overall historical performance in managing changes to the processes, systems and in following the rules by which it interacts with CLECs, WorldCom took exception to the recent instance in which the incumbent made a change without undergoing the review and comment procedures normally applicable."'

323 WorldCom Declaration at ¶31.

324 Verizon DC OSS Reply Declaration at **77176-I78**

325 WorldCom at **pp.** 11-12.

The specific complaint, which Verizon DC does not deny, was that it treated the change as one induced by regulatory requirements, as opposed to one initiated for its own internal reasons. After complaint, Verizon DC agreed to reclassify the change, making it subject to a number of pre-institution steps that include CLEC participation.

The existence of proper controls over the process of changing ILEC/CLEC interface practices and requirements is important to effective market operation. CLECs must not only have required access, but they must have predictable, stable ways of gaining it. The actions of Verizon DC in the instance discussed jeopardize this ability. However, the evidence shows the one cited problem to be anomalous. In making its complaint here, WorldCom acknowledges Verizon DC's good prior performance. WorldCom also does not present any evidence that the single incident cited demonstrates a systematic departure from that prior performance. That Verizon DC appropriately reclassified the nature of the change upon complaint, in fact, tends to indicate that the incident represents an isolated occurrence.

The Commission concludes that it is reasonable to expect that Verizon DC will, in the future, operate under change management procedures and business rules that continue to give CLECs sufficient opportunity to understand, and in appropriate cases to contribute to discussion of the merits of, changes in advance of their implementation. Therefore, the Commission finds no basis to conclude that on this aspect of performance Verizon DC fails to meet any standard applicable in considering Section 271 approval.

J. Flow-Through

1. AT&T

AT&T states that the performance on flow-through orders is substandard.[326] It believes that manually handled orders create more errors to the ordering process, therefore causing additional problems. AT&T avers that Verizon DC should not be found to be meeting this checklist item unless it reaches the 95 percent flow-through threshold it is required to achieve under the C2C Guidelines.[327] AT&T asserts that Verizon DC's metrics reports identify substandard performance for the months of February through March 2002, which is significantly different from the 100 percent flow-through results of the KPMG test. AT&T expresses particular concern about the fact that the standard is not being met even with low current order volumes.[328] Additionally, AT&T believes that the KPMG test did not examine the back-end systems during flow-through testing.[329]

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326 AT&T OSS Declaration at ¶ 60.

327 AT&T OSS Declaration at ¶ 62.

32R AT&T OSS Declaration at ¶ 68.

329 AT&T OSS Declaration at ¶ 69.

AT&T believes that Verizon **DC** is not fixing problems with flow-through, and is incorrectly blaming certain problems on supplemental orders submitted by CLECs.[330] AT&T believes that supplemental orders constitute an important market reality. Another problem with the KPMG flow-through test, according to AT&T, is that KPMG did not consider staffing issues to link the flow-through rate to manual handling of the orders.[331] AT&T opines that if Verizon **DC** uses manual intervention to handle flow-through orders, non-flow-through orders will inundate Verizon **DC's** work centers. Further, AT&T suggests that the difference in time to return a confirmation on a manually processed order (as compared with a flow through order) adversely affects the end user's provisioning activities.

AT&T believes that, until Verizon **DC** meets its flow-through requirements, Section **271** entry should not be permitted. AT&T specifically cites metric **OR-5-03,** which sets a **95** percent standard for achieved flow-through of UNE orders, and the ramp up standard of **80** percent for total UNE flow-through established in metric OR-5-01.[332] AT&T believes that, regardless of the ramp up time Verizon **DC** has been allowed to bring performance to this level, the incumbent must meet the standards set by these critical metrics before Section **271** entry.

2. Verizon DC Reply

Verizon DC states that the FCC has not set a minimum level of flow-through for **271** approval. To the contrary, the FCC has stated that, "it would be inappropriate to consider flow-through rates as the sole indicia of parity."[333] Verizon **DC** contends that it is handling commercial volumes today, and that its flow-through rate of **80** percent is significantly higher than in other states.[334] Verizon **DC** cites its C2C Guidelines performance in "Order Confirmation Timeliness" **(OR-1)** and "Reject Timeliness" **(OR-2)** for non-flow-through orders. In August **2002,** the results were over **97** percent, which exceeds the standard of **95** percent.[335] In addition, Verizon **DC** believes that the **C2C** Guidelines reports of manual orders demonstrate strong performance. Measurements of "Percent Accuracy-Opportunities" for the period ending April through August **2002** for UNEs and resale were constantly over **98** percent.[336]

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330 AT&T OSS **Declaration at ¶ 70**

331 AT&T OSS **Declaration at ¶ 73**

332 AT&T OSS **Declaration at ¶ 62. The District** of **Columbia PAP provided for a ramp up** of **standards** in **the flow through metrics to provide Verizon DC with an opportunity to improve its performance in this area.** ***See,*** **Order** No. 12451, ¶ 22.

333 **Memorandum Opinion and Order, Application** by **Bell Atlantic New York for Authorization Under Section 271** of **the Communications Act to Provide In-Region,** InterLATA Service **in the State** of **New York, 15 FCC** Rcd **3953** ¶76 **(1999) (New York Order).**

334 **Verizon DC** OSS **Reply Declaration at** ¶¶72-75

335 **Verizon DC** OSS **Reply Declaration at 788**

336 **Verizon DC OSS Reply Declaration at** ¶89

Verizon DC labels as speculative the CLEC claim that, as mass marketing commercial activity increases, there is a greater likelihood that Verizon DC will prove unprepared to handle orders effectively.[337] The claim is that the resources of Verizon's National Marketing Centers ("NMCs") will be inundated, therefore creating additional troubles for CLECs. Verizon DC says that this argument fails to consider that a majority of these orders will flow through and that there will be no need for a marketing representative to ever handle them. Achieved flow through for August 2002 was 93.61 percent in the District of Columbia, according to Verizon DC. In any event, Verizon DC says, it analyzes flow through performance, and works to improve the results, as part of a business plan to improve flow through rates, as this will benefit its wholesale customers and the company itself.[338] In addition, Verizon DC says that it offers monthly workshops for CLECs in an attempt to improve the ordering process, which in *turn* will increase flow through rates.[339]

Verizon DC states that it carefully monitors its workforce load requirements, adjusts accordingly, and adequately trains its representatives. Verizon DC contends that there is no evidence that would support a lack of competence by its representatives, and that it will meet the requirements of the market.[340]

Verizon DC also believes that there is no difference in the time taken to return a confirmation on a manually processed order as opposed to a flow-through order. Therefore, manual processing should not affect CLEC provisioning work."' Due dates for orders that require a dispatch are determined by the standard interval. For orders that require dispatch, the CLEC determines the due date based upon the "Greenlight Date" when it submits its order. As long as the CLEC meets the "Greenlight Date," the Verizon DC representative will use the CLEC submitted due date.

337 Verizon DC OSS Reply Declaration at ¶78.

338 Verizon DC OSS Reply Declaration at ¶83.

339 Verizon DC OSS Reply Declaration at ¶84.

340 Verizon DC OSS Reply Declaration at ¶¶93-94

341 Verizon DC OSS Reply Declaration at 795.

3. Analysis and Conclusions

There are C2C Guidelines metrics that address the percentage of CLEC orders or transactions that should flow through Verizon DC's systems without the need for human intervention. Flow through provides one important measure of two important characteristics of Verizon DC's service quality: (a) timeliness and (b) accuracy in getting CLECs what they have asked of the incumbent. The FCC does not consider flow-through measurements to be conclusive, but considers them one of many significant indicators of OSS performance.[342] In addition, flow-through measurements are complicated by the fact that some of the problems that cause an order to fall out of the systems for manual processing are caused by CLECs, not just by Verizon DC.

For these reasons, flow-through has been a significantly contested issue. The FCC has set no specific, objective floor on flow through performance for purposes of Section 271 approval."' However, metrics in the C2C Guidelines set a 95 percent standard for Verizon DC for achieved flow-through of UNE orders (Metric OR-5-03), and a Special Provision standard **for** total UNE flow through (Metric OR-5-01). Verizon DC's evidence filed before the hearings indicated that flow through performance was not at this level, but that:

- Flow-through was consistent with or superior to levels being achieved in other states at the time the FCC approved Section 271 applications; and
- Flow-through has been consistent with the ramp-up to the 95 percent level that CLECs agreed to for the District of Columbia.[344]

342 *Pennsylvania Order,* ¶48.

343 *New York Order,* ¶161.

344 *See,* Order No. 12451,122.

Evidence submitted on cross-examination by Verizon DC's President for District of Columbia operations indicates that flow-through performance in the most recent months has been essentially at or above the 95 percent benchmark. As a general matter, the issue of flow-through should be considered a dynamic one. The first and most important inquiry is whether performance is on a positive trajectory over time. This much is indicated by the agreement in the District of Columbia to apply a ramp-up toward 95 percent. For AT&T to argue that a 95 percent standard is required, regardless of this ramp-up provision, is both disingenuous and inconsistent with prior FCC treatment of the issue of flow through. At the same time, it strains credibility for Verizon to contend, on the one hand, that its systems for serving other states are similar and in a number of cases identical to those serving the District of Columbia, while, on the other hand, to contend that the proper comparison basis is not what those other states are experiencing now, but what they experienced at other time points, some of which are significantly in the past.[345] The best way to analyze this issue is to determine whether the flow-through measurements being reported: (a) inspire sufficient confidence as to their accuracy; (b) show a sufficiently improving trend in the recent past; and (c) are likely to show continued improvement into the future.

AT&T has raised the issue of the confidence that can be placed in flow-through measurements. AT&T has said that the KPMG flow-through test did not examine flow-through orders beyond the delivery of the Firm Order Commitment or the Local Service Request Confirmation, thus leaving open the issue of performance at the "back end" of the CLEC experience, *i.e.*, provisioning, maintenance/repair and billing.[346] AT&T also says that an adequate test of flow-through requires an evaluation of manpower requirements to determine whether Verizon has adequate and properly trained staff.[347] Furthermore, AT&T questions whether Verizon DC has submitted sufficient evidence to prove that it will be able to flow-through orders at commercially significant volumes.[348]

345 Verizon DC's brief asserts at page *35* that District of Columbia flow-through rates in August 2002 were higher than the rates for eight other Verizon states, citing Verizon DC's OSS Reply Declaration ¶75. However, that paragraph does not support the conclusion as stated. The comparison was not among August 2002 rates for all states, but between the August 2002 rate in the District of Columbia and the rates for the other eight states when their 271 reviews were being concluded.

346 AT&T OSS Declaration at ¶¶41-42.

347 AT&T OSS Declaration at 7743 and *73*.

348 AT&T OSS Declaration at ¶¶68-71.

For reasons described elsewhere in this report, the Commission finds that challenges to the sufficiency of KPMG's testing do not warrant the time and expense of additional testing. Moreover, it is clear that the FCC has never required a period of commercial testing prior to Section 271 approval. Verizon DC's performance in achieving flow through does not present any reason for imposing special pre-Section 271 approval requirements here. However, the record, again as is described elsewhere in this report, shows that Verizon DC has made significant changes in the service order processor that serves the District of Columbia (*i.e.*, ExpressTRAK), and that the introduction of this system has caused a number of problems and errors that have affected CLECs.

The evidence indicates that Verizon is achieving higher flow-through rates in other states than it is in the District of Columbia.[349] Recent reported performance appears to approach the metric standard; however, the Commission finds it appropriate that focused post-Section 271 attention remains on this important issue in dockets before the Commission. The purpose of this continued focus is to assure that immediate post-entry performance continues to show adequate progress toward satisfaction of the applicable standards. Specifically, the PAP and the C2C Guidelines performance reports provide for a routine auditing program concerning the C2C Guidelines, which include the flow-through measures at issue here. The primary goal of that auditing is to assure that measures accurately reflect the performance being delivered. The Commission believes that the early audits under this program should include the capability to examine whether flow-through performance specifically is being affected by any system problems and generally to examine the underlying root causes, in the event that flow-through performance in the District of Columbia does not come to match the standards and the levels being experienced in other Verizon jurisdictions.

Such auditing will not prove necessary in the event that flow-through performance does reach the metric standards and remain there in the near term, and should there remain no material differences in flow-through rates being achieved in the District of Columbia and other jurisdictions after Section 271 approval. However, should events prove otherwise, auditing may serve to assess the underlying causes and to determine whether any performance variances relate to a failure of Verizon DC to complete the start-up of new systems or to a failure to continue work to bring District of Columbia flow-through rates to best achievable levels. Given the history of flow-through and the joint contribution that ILECs and CLECs make to achieving flow-through,[350] this more dynamic approach to assessing it may be preferable to static measurement of performance.

[349] AT&T OSS Declaration at ¶63.

[350] The FCC made it clear in the ***Massachusetts Order*** that flow through results are function of actions by both the ILEC and the CLEC. ***Memorandum Opinion and Order, Application of Verizon New England Inc., et al., For Authorization to Provide IN-Region InterLATA Services in Massachusetts,*** 16 FCC Rcd 8988,7203 (2001).

K. Late or Inaccurate Performance Reports (Verizon DC Veto Over PAP Changes)

1. Summary of the Evidence

This issue did not arise in the prehearing filings of any of the participants. However, the testimony elicited on cross-examination makes it clear that Verizon DC believes that it has the power to reject any future change to the PAP already approved by this Commission. More specifically, Verizon DC takes the position that it must approve any such change for it to be considered effective."' One specific context for this dispute is the three-month trial period this Commission established for consideration of the issue of late or inaccurate monthly performance reports. There exists an issue about the scope of the Commission's ability to revisit the underlying PAP issues upon completion of that trial.

WorldCom urges, in its brief, that this Commission should explicitly require Verizon DC to correct and resubmit performance reports, not only during the three-month implementation period established in the decision in Formal Case No. 990, but indefinitely into the future. WorldCom also asks for the imposition of penalties for noncompliance with reporting requirements.[352] AT&T asks that Verizon DC be required to make an explicit commitment not to challenge the Commission's authority to adopt, enforce, or modify the PAP.[353]

2. Analysis and Conclusions

It is correct to view Section 271 entry as Verizon DC's part of the "bargain" for opening its local markets. It is also correct to conclude that PAP payments, which create a very substantial financial exposure for Verizon DC, are a material part of that bargain. Verizon DC – and the other Bell Operating Companies – view PAPs as voluntary commitments,[354] but this argument carries little weight in at least one very important context: *i.e.*, their existence is effectively necessary for securing Section 271 approval.

351 Tr. at p. 45.

352 WorldCom Brief, **p. 33.**

353 AT&T Post Hearing Brief, **p.** 53.

354 Verizon DC Post Hearing Brief, p. *55*

Verizon DC's arguments about this Commission's subject matter jurisdiction to impose or revise a PAP on its own authority, whatever their ultimate merits, may be put aside in this context. The Commission has already addressed portions of this argument in a limited context in Order No. 12451, determining that it had the authority to require Verizon DC to make incentive payments under the PAP before the date that Verizon DC proposed.[355] To the extent that Verizon DC continues to make similar arguments, the Commission will address them in the context of its Formal Case No. 990.

The Commission also clarifies that the report correction needs addressed in Formal Case No. 990 are not merely temporary, but apply with equal force to ongoing reports by Verizon DC after Section 271 approval. This Commission views effective post-Section 271 market operation as requiring a continuing obligation to submit accurate reports and to make timely corrections to them when errors are discovered. The question of adding metrics to address this issue, however, is best left to the PAP and Formal Case No. 990 mechanisms that already provide for the consideration of new or changed metrics. That mechanism will best provide for a comprehensive, inclusive, and measured consideration of changes in light of experience gained as operation under the PAP lengthens.

[355] Order No. 12451, ¶ 121-137.

XX. Conclusion

The Commission finds that Verizon DC has satisfied most of the requirements imposed by Sections 271 and 272 of the Telecommunications Act. There exists in the District of Columbia resale, UNE, and facilities-based local competition in the business and residential categories. In addition, Verizon DC has satisfied most of the items in the 14-point checklist. While the Commission does have some concerns, particularly relating to EEL ordering, Verizon DC's continued provision of DSL service to a customer switching to a competitor's voice service, dark fiber ordering and provisioning, directory listing verification, OSS billing, OSS flow-through, and PAP changes, the Commission believes that none of these concerns, or even all of these concerns taken together, constitutes sufficient reason to withhold support for Verizon DC's Section 271 Application. These issues will be addressed by this Commission in existing or new proceedings, where further investigation and fact-finding can be conducted.

However, there is one outstanding issue in Verizon DC's Section 271 Application at this time. This Commission established permanent, TELRIC-based UNE rates in Order No. 12610. Verizon DC has chosen to exercise its legal prerogative in seeking reconsideration of this order, but has not chosen to seek a removal of the statutory automatic stay on the effectiveness of Order No. 12610. Thus, the rates that were in effect before the issuance of Order No. 12610 are now in place in the District of Columbia. Because these rates are not TELRIC-based, they cannot be used to support a Section 271 application. However, Verizon DC has proposed to seek Commission approval of alternative UNE rates, benchmarked to New York UNE rates, in amended interconnection agreements. If Verizon DC were to submit such an amended interconnection agreement, and the Commission were to approve the amended interconnection agreement after a complete review, these actions could permit this Commission to support Verizon DC's Section 271 Application.

Respectfully submitted,

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January 9,2003

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